

## **Deed Recording Fee Housing Bond Guidelines and Policies**

### **Description:**

In 2002, the Washington State Legislature created a deed recording fee (HB 2060) for the development and support of housing projects or units within housing projects affordable to people with incomes at or below 50% of the area median income. Based on the 12 month period ending June 2003, Clark County has collected more than \$750,000 in document recording fees to be used for this purpose.

A group of community stakeholders agreed that the funds would be used for three purposes: capital funds for transitional and permanent housing; operating funds for shelters, transitional and permanent housing; and funding for the creation of a local housing bond. The group developed the following guidelines for use of the portion of the deed recording fee (\$250,000 annually) that will be used to purchase a bond or line of credit. This housing bond will be used to purchase property that will be developed for low-income housing. The guidelines for the use of this funding are incorporated in this document.

### **Bond Purchase:**

The purchase of the bond or letter of credit will be negotiated via a Memorandum of Understanding (MOU) between the Clark County Treasurer's Office and the Housing Authority of Vancouver (VHA). The MOU will include definitions, terms, expenditure requirements and reporting compliance.

### **Purchase Amount:**

The details of the bond purchase will be the responsibility of the Clark County Treasurer's Office, including determining the cost of the bond. The community stakeholders recommend that a two-million dollar bond or line of credit be purchased. The payment for this bond will come directly from the deed recording fee. The stakeholders further recommended an allocation of \$250,000 a year to pay back the bond. However, the VHA will require reimbursement for actual transaction costs, not to exceed a total of 10% of the bond proceeds (about \$200,000), to administer the bond and pay for the bonding council, appraisals, feasibility studies and other property purchase needs. The administration of this funding will be determined in the Memorandum of Understanding between the VHA and the County.

### **Property Selection Guidelines:**

- Property zoning should be between R-12 and R-45, Mixed Use or Community Commercial.
- Not more than one-half of the properties purchased through the two million dollar bond shall be in one community.
- At the completion of the project (occupancy) there can be no net loss of units affordable to persons with income at or below 50% of the area median income.
- The property must be inside designated urban growth boundaries.
- The property may be developed as mixed income, provided this revenue is distinctively separate from other revenue and the benefit to very low-income individuals can be demonstrated and audited after project completion.
- Public transit will be a consideration, but not a firm requirement.
- Properties with environmental constraints such as wetlands, contamination or flood zone, which cannot be mitigated will not be considered for purchase.

- Utilities must be available, or able to be extended at a reasonable cost.
- The most desirable size is three acres, if larger, the property must be able to be developed in phases or with other development partners to defray development costs.

#### **Property Purchase Procedures:**

- The VHA will call for nominations for property to be purchased; this task will include a public advertisement as well as a request for interested non-profits to nominate sites of particular interest.
- Prior to purchase the property cannot be owned by or brokered through any of the individual stakeholders including the CHRB, County Commissioners, VHA Commissioners or City Council members.
- The VHA will meet with stakeholders to discuss the options and prioritize prospective acquisition targets.
- The VHA will negotiate an option with the owner to hold the property for 90-120 days before purchase so that a feasibility study can be completed.
- Analysis including utilities, environmental, development feasibility, and carrying capacity will be addressed.
- The VHA will determine which property will be purchased, and notify the appropriate City Manager or Mayor in the jurisdiction in which the property is located, as a courtesy.
- The CDBG and HOME office and the County Treasurer's Office and the CHRB will be notified of the acquisition, and the Treasurer's office will disburse funds as needed to close escrow in a timely manner.

#### **CHRB Responsibilities:**

- CHRB, as one of the stakeholders, will have the option to participate in any of the meetings
- CHRB will decide end-user of the property based on the current HOME application process

#### **Requirements after Award:**

- Development of the property must begin within four years (construction started or funding committed):
  - Four years begins with the CHRB Award
  - Property does not need to be occupied within four years
- Length of Affordability - minimum of 30 years
- End-user will have the responsibility to notify and involve any neighborhoods

#### **Eligible Non-Profits:**

- The non-profit should be incorporated preferably in Washington State
- The non-profit should have a track record with one or more housing projects completed and serving low-income (80% or less AMI) people
- The non-profit should have housing incorporated into their mission
- A non-profit and for-profit venture is eligible as long as there is a co-developer agreement

#### **Adopted by The Clark Housing Review Board - August 28, 2003**

Legal Review 9/5/03